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Proposed Lead Counsel for Plaintiffs

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

In re LUMINENT MORTGAGE CAPITAL, )  
INC., SECURITIES LITIGATION, )

CASE NO. 07-CV-04073 PJH

CLASS ACTION

This Document Relates To:  
ALL ACTIONS.

**DECLARATION OF PATRICE L.  
BISHOP IN SUPPORT OF WILLIAM F.  
KORNFELD, JR.'S OPPOSITION TO  
COMPETING MOTIONS FOR  
APPOINTMENT OF LEAD PLAINTIFF  
AND LEAD COUNSEL**

DATE: November 21, 2007  
TIME: 9:00 a.m.  
JUDGE: Honorable Phyllis J. Hamilton  
CTRM: 3, 17th Floor

DECLARATION OF PATRICE L. BISHOP IN SUPPORT OF WILLIAM F. KORNFELD, JR.'S OPPOSITION TO  
COMPETING MOTIONS FOR APPOINTMENT OF LEAD PLAINTIFF AND LEAD COUNSEL

CASE NO. C-07-4140 PJH

W:\STULL\LUMINENT\PLD\L.P Opposition Decl.wpd

1 I, Patrice L. Bishop, declare as follows:

2 1. I am an attorney admitted to practice in the State of California and this District. I am  
3 an associate with the law firm of Stull, Stull & Brody, co-counsel for proposed lead plaintiff  
4 William F. Kornfeld, Jr., ("Kornfeld"). I submit this Declaration in support of the William F.  
5 Kornfeld, Jr.'s Opposition to Competing Motions for Appointment of Lead Plaintiff and Lead  
6 Counsel. I am familiar with this matter and have knowledge of the information stated herein.

7 2. Supertel Hospitality, Inc. ("Supertel") is a real estate investment trust whose stock is  
8 publically traded on the NASDAQ National Market under the ticker symbol "SPPR." According to  
9 its website, www.SupertelInc.com, and filings with the Securities and Exchange Commission  
10 ("SEC"), proposed lead plaintiff Allen Dayton is a member of Supertel's board of directors.  
11 Moreover, according to Supertel's Definitive Proxy filed on Form DEF 14A with the SEC on April  
12 11, 2007, Allen Dayton, along with his companies Southern Improvement Company and VSA, Inc.,  
13 own 928,312 shares of Supertel common stock, or 4.2% of Supertel's outstanding stock. In  
14 addition, Dayton has the right to acquire 2,857 shares through the exercise of options.

15 3. Attached hereto as Exhibit 1 is a true and correct copy of Howard Longman's  
16 October 16, 2007 correspondence to David C. Harrison of Lowey, Dannenberg, Bemporad, Selinger  
17 & Cohen, P.C., co-counsel of record for Allen Dayton, VSA, Inc., and Southern Improvement  
18 Company.

19 4. Attached hereto as Exhibit 2 is a true and correct copy of David C. Harrison's  
20 October 17, 2007 correspondence to Howard Longman.

21 I declare under penalty of perjury under the laws of the State of California and the United  
22 States of America that the foregoing is true and correct.

23 Executed this 31st day of October, 2007 at Los Angeles, California.

24  
25 \_\_\_\_\_  
26 /s/  
27 Patrice L. Bishop  
28 Declarant

# Exhibit 1

STULL, STULL & BRODY

ATTORNEYS AT LAW  
6 EAST 45th STREET  
NEW YORK, N.Y. 10017

TELEPHONE  
212-687-7230

TELECOPIER  
212-490-2022

October 16, 2007

Via Fax and E-mail

David C. Harrison  
Lowey, Dannenberg, Bemporad, Selinger & Cohen, P.C.  
One North Broadway  
White Plains, New York

Re: Luminent Capital Mortgage, Inc., 07 CV 04073 (PJH) (N.D. Cal.)

Dear David:

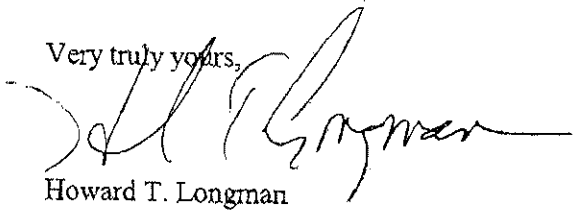
I write with respect to your letter of October 11, 2007.

The application for lead plaintiff filed by your firm is somewhat opaque on certain issues which are relevant to the selection of a lead plaintiff. These items include: the nature of Allen Dayton's relationship to Southern Improvement Company, and VSA, Inc., including Mr. Dayton's ownership interest in those companies and the form that the ownership interests takes; the identity of other directors and officers of VSA and Southern Improvement Company; and whether and, if so, the extent to which, VSA and Southern Improvement may have hedged their investment in Luminent by shorting other securities including any market indices or other indices keyed to the credit markets.

Finally, as you know, in many cases, certifications have proven inaccurate. Therefore, we would also like to exchange the confirmation slips or other documents evidencing our respective client's trading in Luminent securities.

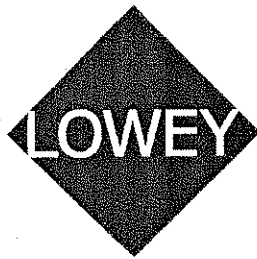
I look forward to hearing from you.

Very truly yours,

  
Howard T. Longman

cc: Jeffrey Abraham, Esq.

## Exhibit 2



Dannenberg Bemporad  
Selinger & Cohen, P.C.

October 17, 2007

VIA TELECOPIER AND E-MAIL

Howard T. Longman, Esq.  
Stull, Stull & Brody  
6 East 45<sup>th</sup> Street  
New York, NY 10017

Re: *In re Luminent Mortgage Capital, Inc.*, 07-07043-PJH (N.D. Cal.)

Dear Howard:

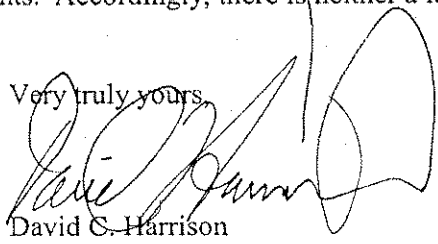
I write in response to your letter, dated October 16, 2007, requesting certain information relating to the lead plaintiff application of The Southern Improvement Company, VSA, Inc., and Allen Dayton (collectively, "Southern").

Southern has provided all the information required by the PSLRA and the Local Rules for the Court to determine that Southern is entitled to appointment as Lead Plaintiff. It is well settled in the Ninth Circuit (and elsewhere) that the Court's determination is made based upon the movant's certification, declaration and other submissions. *In re Cavanaugh*, 306 F.3d 726, 730 (9<sup>th</sup> Cir. 2002), citing *In re Cendant Corp. Sec. Litig.*, 264 F.3d 206, 264 (3d Cir. 2001). Southern's application clearly demonstrates that it has the largest financial interest in the litigation – a \$1,470,000 loss – and otherwise satisfies the requirements of Rule 23 of the Federal Rules of Civil Procedure.

Moreover, Southern's application provides much, if not all, of the information you seek about Mr. Dayton's relationship with VSA and The Southern Improvement Company. Dayton represents that he is the sole shareholder and President of Southern and 95 percent shareholder and President of VSA, and that he exercises complete authority over, and is the sole decision-maker with respect to, those companies' securities investments. Dayton Declaration ¶¶ 1-3.

Similarly, all trading in Luminent stock and options during the class period is detailed in the certifications filed with Southern's moving papers. These certifications and the accompanying loss analyses make plain that Southern suffered nearly three times the claimed losses of your clients, and substantially more than any of the other lead plaintiff applicants. Accordingly, there is neither a factual nor legal basis for your proposed discovery exchange.

Very truly yours,

  
David C. Harrison

cc: Nicole Lavallee, Esq.  
Jeffrey Abraham, Esq.

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[www.lowey.com](http://www.lowey.com)

**PROOF OF SERVICE VIA ELECTRONIC DELIVERY**

I, Patrice L. Bishop, hereby certify that on October 31, 2007, I electronically filed the following document(s) with the Clerk of the Court using the CM/ECF system:

**DECLARATION OF PATRICE L. BISHOP IN SUPPORT OF WILLIAM F. KORNFELD, JR.'S OPPOSITION TO COMPETING MOTIONS FOR APPOINTMENT OF LEAD PLAINTIFF AND LEAD COUNSEL**

Upon filing of the foregoing documents, the CM/ECF system sent notification of same to the e-mail address(es) denoted below, obtained through the CM/ECF system.

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**Patrice L. Bishop**

[service@ssbla.com](mailto:service@ssbla.com)

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DECLARATION OF PATRICE L. BISHOP IN SUPPORT OF WILLIAM F. KORNFELD, JR.'S OPPOSITION TO  
COMPETING MOTIONS FOR APPOINTMENT OF LEAD PLAINTIFF AND LEAD COUNSEL

CASE NO. C-07-4140 PJH

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I further certify that I served a copy(ies) of the above document(s) on the following non-CM/ECF participant(s) by depositing a copy(ies) in the United States mail, first-class postage prepaid, as follows:

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Greenberg and Movant Charles Bregenzer**

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**Counsel for Movants State-Boston  
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**Dennis Koch**

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L. Timothy Fisher, Of Counsel  
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Fax: (215) 979-1020

**Counsel for Defendants S. Trezevant**  
**Moore, Jr. and Christopher J. Zyda**

1 I further declare, pursuant to Civil L.R. 23-2, that on the date hereof I served a copy of the  
2 above-listed document(s) on the Securities Class Action Clearinghouse by electronic mail through  
the following electronic mail address provided by the Securities Class Action Clearinghouse:

3 scac@law.stanford.edu

4 I declare under penalty of perjury under the laws of the State of California and the United  
5 States of America that the foregoing is true and correct. Executed this 31st day of October, 2007 at  
Los Angeles, California.

6 /s/

7 Patrice L. Bishop  
8 Declarant  
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